

This report must be completed by an independent Chartered Accountant, Certified General Accountant or Certified Management Accountant who is NOT the broker. The accountant shall be guided by the Table of Recommended Minimum Examination Guidelines (page 5 of the *Engagement Letter between Accountant and Client*).

To: The Real Estate Council of Alberta, c/o Executive Director

At the request of _____ being the broker for

_____ (*the brokerage*) we have conducted certain procedures on the books, records, and accounts maintained by the brokerage for the fiscal year ended _____, _____.

To make this report, we have:

1. read Sections 18 and 25 of the Real Estate Act and Part 3 Accounting Records & Reporting Requirements, Divisions 1 and 3 of the Rules pursuant to the Real Estate Act ¹,
2. obtained a signed copy of the **Real Estate Brokerage's Representations to the Real Estate Council of Alberta**, and
3. signed an **Engagement Letter Between Accountant and Client**, dated _____

Our examination was guided by the **Table of Recommended Minimum Examination Guidelines** (on page 4 of the Engagement Letter). In completing this report, certain procedures as set out below were carried out on a month selected by us. The month of _____ (hereinafter referred to in this report as the "selected month") was used for the purpose of completing procedures 2, 3, 4, 5, 7, 8, 9, 10, 13 and 15, below. Based on the limited procedures carried out, and with respect to each particular procedure, we report as follows:

1. We reviewed the trust bank reconciliation and trust liability reconciliation (to determine whether there are sufficient funds in the depositories to meet the trust liabilities) for each of the twelve (12) months in the fiscal year ended and observed that:
 - a) there were sufficient funds in the depositories to meet the trust liabilities, YES | NO or N/A
 - b) listings and reconciliation have been prepared monthly within 30 days of the date of the prior month's bank statement, YES | NO or N/A
 - c) there were no unreconciled differences, and YES | NO or N/A
 - d) each trust reconciliation was dated and bore the signature of the broker, YES | NO or N/A
2. For the selected month, we reviewed (number of) _____ trust transactions and determined that they were entered in the brokerage's trust ledger accounts with supporting records and that, for each mortgage transaction:
 - a) there is a written agreement between the brokerage and any person providing the mortgage or other trust money, expressly acknowledging the trust arrangement between them, and setting forth the terms under which the money is to be received and disbursed, and, YES | NO
 - b) a separate file has been maintained for each mortgage, YES | NO

¹ The Real Estate Act and Rules may be found at RECA's Website - www.reca.ca

3. We verified by tracing to supporting documents the information in the trust bank account reconciliation as at the end of the selected month and found the information contained in the reconciliation to be correct.
Please note any exceptions:
4. We confirmed directly with depositories as at _____ (fiscal year end date), the amount of \$_____ on deposit in all trust accounts disclosed in the **Mortgage Brokerage's Representations to the Real Estate Council of Alberta**. We agreed the amounts confirmed with the balances recorded in the brokerage's trust bank reconciliation, and reviewed the reconciling items to arrive at a brokerage's reconciled bank balance of \$_____.
5. We compared trust ledger balances from (number of) _____ selected trust ledger accounts to the listing of trust liabilities and compared (number of) _____ balances from the listing to the trust ledger accounts, both as at the end of the selected month, and found them in agreement.
Please note any exceptions:
6. We traced the details of the last receipt of the selected month and the first receipt for the next month from the trust liability records to the trust bank records to ensure that the entries were recorded in the appropriate month.
Please note any exceptions:
7. We traced the last five disbursements of the selected month and the first five disbursements for the next month from the trust liability records to the trust bank records to ensure that the entries were recorded in the appropriate month.
Please note any exceptions:
8. We traced the trust liability month-end balances of the accounts examined in procedures 6 and 7 above to the listing of trust liabilities applicable to that date and found them to be in agreement.
Please note any exceptions:
9. For the selected month, we traced (number of) _____ deposits from the trust ledger to the bank deposit books, bank statements and supporting records, and found the deposits were made within two banking days after their receipt or within any further period agreed to in writing by the parties to the trade.
Please note any exceptions:

10. We examined (*number of*) _____ disbursements in the selected month from the trust accounts to determine whether the disbursements were in accordance with the timing and other terms of trust governing the use of that money.

Please note any exceptions:

11. We scrutinized (*number*) _____ trust ledger liability accounts for any debit balances greater than \$100 that had arisen during the year,

Were there any debit balances greater than \$100? YES NO

Please note any exceptions:

12. We scrutinized the brokerage's trust depository statements and passbooks covering the year for depositories disclosed in the **Mortgage Brokerage's Representations to the Real Estate Council of Alberta** for overdrafts,

Were there any overdrafts? Yes No

Please note any exceptions:

13. We determined, by inquiry and observation of receipts and disbursements, that the brokerage HAS or HAS NOT (*Indicate one*) a general account for funds other than trust funds.

Were there any overdrafts? Yes No

Please note any exceptions:

14. We verified (*number of*) _____ receipts and (*number of*) _____ disbursements in the general account for the selected month and noted that they are not trust transactions.

Please note any exceptions:

15. We have forwarded a copy of the report to the broker and have discussed the contents of the report with the broker.

Please note any exceptions:

Additional comments, if any, can be stated here:

This report is prepared solely for submission to Real Estate Council of Alberta and is not to be referred to or distributed to any person other than in accordance with the *Real Estate Act*. The procedures carried out did not constitute an audit and therefore we do not express an opinion about the accuracy or completeness of the trust books, records and financial information provided, or about whether or not there were any irregularities during the year which were not disclosed to us. However, we have reported on the results of the preceding procedures.

Accountant and Accounting Firm

Signature and Professional Designation

Address

Date: _____

If you choose to prepare this form in any other format, please ensure that there are no changes in the wording